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IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Iowa Hospital Association Education Center
July 6, 2005**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Carmela Brown, Treasurer
Steve Adams (via telephone)

Roger Caudron
Heather Kramer
Dick Wright
Douglas Walter (via telephone)

STAFF MEMBERS PRESENT

Bret Mills, Executive Director
Lori Beary, Community Development Finance
Officer
Mickey Carlson, Single Family Program
Manager
Donna Davis, Deputy Director, Director
Housing Programs
Dennis Dietz, Director of Policy and
Governmental Affairs

Alyson Fleming, Administrative Assistant
Steven Harvey, Comptroller
Shawna Lode, Communications Director
Sharon Murphy, Housing Specialist, HAF/HIRE
Loyd Ogle, Director, Title Guaranty Division
Carla Pope, Service Enriched Housing Director
James Smith, General Counsel
Nancy Wallis, Administrative Assistant
Vicky Winter-Clearman, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Bob Burns – Burns & Burns, L.C.
Jim Cain – Iowa Coalition for Housing and
The Homeless
Al Collet – IDED
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
David Grossklaus – Dorsey & Whitney

Nicole Jones – Treasurer of State
Dave Midtlyng – RSM McGladrey
Renie Neuberger
Joe O'Hern – Fannie Mae
Bruce Ray – Dept. of Housing & Urban
Development
Bill Reinke – HOUSES, Inc.
Terry Vestal – IDED

CALL TO ORDER

Chair Lintz called to order the July 6, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:56 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Brown, Adams, Caudron, Kramer, Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

June 1, 2005

Chair Lintz introduced the minutes of the June 1, 2005 meeting of the Iowa Finance Authority Board of Directors.

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MOTION: On a motion by Mr. Walter and a second by Ms. Anderson, the Board unanimously approved the minutes of the June 1, 2005 meeting.

ELECTION OF OFFICERS

Chair Lintz opened the floor to nominations for the positions of Chair, Vice Chair, and Treasurer of the Authority's Board of Directors.

MOTION: Mr. Adams moved Chair Lintz, Vice Chair Anderson, and Treasurer Brown continue their service. On a second by Mr. Caudron, the Board unanimously approved the nominations.

ADMINISTRATION/MANAGEMENT REPORT

Summary & Overview

Mr. Mills congratulated the Board on the election of officers.

Mr. Mills reported Mr. Smith was recently appointed Chief Financial Officer and Deputy Director. He said the position of General Counsel will be filled.

Mr. Mills gave a brief overview of the program areas to be covered during the meeting.

LEGAL / REGULATORY

Mr. Smith referred to two handouts distributed to the Board regarding Contested Case Rules and Swap agreements for Single Family, which will be discussed in greater detail at the August Board meeting if there are questions.

Notice of Intended Action Re: 265 IAC Chapter 23; Transitional Housing Revolving Loan Fund

Ms. Carla Pope introduced the Notice of Intended Action Re: 265 IAC Chapter 23, Transitional Housing Revolving Loan Fund. She said the transitional housing revolving loan program will assist in the development of affordable housing for parents reuniting with their children while completing or participating in substance abuse treatment. Ms. Pope stated Representative David Heaton's support was instrumental in the creation of the program. She said the minimum loan amount is \$100,000 and the maximum amount is \$700,000 with maximum loan term and amortization periods of 20 years each. Ms. Pope stated the Authority may at its discretion extend the loan term and amortization period to no more than 30 years.

Mr. Wright inquired as to the source of program funds.

Ms. Pope stated the Legislature allocated \$1.4 million for the program.

MOTION: Mr. Wright made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 23; Transitional Housing Revolving Loan Fund. On a second by Ms. Anderson the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 23; Transitional Housing Revolving Loan Fund.

Notice of Intended Action Re: 265 IAC Chapter 24; Home and Community Based Services Rent Subsidy Program

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Ms. Pope introduced the Notice of Intended Action Re: 265 IAC Chapter 24; Home and Community Based Services Rent Subsidy Program. She said the rent subsidy program is for persons who participate in a home and community-based service (HCBS) waiver program and who meet the nursing facility level of care for HCBS waiver services as established on or after July 1, 2005. She said this program is designed to provide rent assistance to those persons to help them live successfully in their own home and community until they become eligible for any other local, state or federal rent assistance. Ms. Pope stated when the Authority began administering the program there were 347 participants, and there are now 450 participants. She said the IT department has created a program which assists in tracking information. Ms. Pope stated in the near future, with the assistance of Accounting staff, participants will begin receiving their subsidy via electronic funds transfer (EFT).

MOTION: Ms. Anderson made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 24; Home and Community Based Services Rent Subsidy Program. On a second by Ms. Brown, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 24; Home and Community Based Services Rent Subsidy Program.

Notice of Intended Action Re: 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan
Ms. Donna Davis introduced the Notice of Intended Action Re: 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan. She said there were no anticipated appropriations for the State Housing Trust Fund, however with the assistance of the Department of Economic Development, Local Housing Assistance Program (LHAP) funds will be used for the State Housing Trust Fund. Ms. Davis said it is possible funds will be in the amount of \$500,000-\$600,000. She stated a request for proposal will be sent out for an organization to provide capacity building and technical assistance to local housing trust funds.

Ms. Sharon Murphy reviewed the suggested changes in the 2006 Allocation Plan.

MOTION: Mr. Caudron made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan with the removal of Section 3.6.8, "a proposed project located in an area served by a local housing trust fund must be consistent with any HAP adopted by the local housing trust fund." On a second by Mr. Walter, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan with the removal of Section 3.6.8.

FINANCE AND ACCOUNTING

Finance Update

Mr. Harvey said current month revenue trailed budget due to a shortfall in Title Guaranty revenue. He stated the YTD revenue exceeds budget due to recognition of service acquisition fees and the unplanned receipt of pass through grants. Mr. Harvey said the current month expenses trailed budget significantly due to the actions plan taken in May to recognize outstanding grant expense. He stated the YTD expenses exceed budget due to unplanned pass-through grant expense, and provision for losses. Mr. Harvey stated most expenses are below budget with operating income \$1,810,710 favorable to budget.

Approval of Financial Statement

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MOTION: Ms. Brown made a motion to approve the May financial statement. On a second by Mr. Wright, the Board unanimously approved the May financial statement.

FY06 State Revolving Fund Budget

Mr. Harvey introduced the FY06 State Revolving Fund Budget. He said the FY05 forecast is approximately \$28.3 million short of the FY05 Budget for operating income. Mr. Harvey stated the earnings shortage is due to excess uncommitted funds and the decision to delay borrowing more money for the required state match until FY06. He briefly presented the budget highlights.

Mr. Caudron inquired about the current balance in the fund.

Mr. Harvey stated the goal is to significantly reduce the balance in the fund by the end of the current fiscal year.

MOTION: Ms. Anderson made a motion to approve the FY06 State Revolving Fund Budget. On a second by Ms. Kramer, the Board unanimously approved the FY06 State Revolving Fund Budget.

Single Family Reimbursement Resolution

Mr. Smith introduced the Single Family Reimbursement Resolution which provides for reimbursement of an amount not to exceed \$15 million in aggregate principal from future single family bond issues.

MOTION: Ms. Brown made a motion to approve the Single Family Reimbursement Resolution. On a second by Mr. Caudron, the Board unanimously approved the Single Family Reimbursement Resolution.

**COMMUNITY / ECONOMIC DEVELOPMENT
/STATE REVOLVING FUND (SRF) PROGRAM**

Economic Development Loan Program

ED. Loan #05-07, Mississippi Housing Partners

Ms. Beary introduced the application for \$1,740,708 of Iowa Finance Authority Multifamily Housing Revenue Bonds for Mississippi Housing Partners, LP in Davenport. She said the bonds will be used for the acquisition and rehabilitation of the Mississippi Hotel. Ms. Beary stated the proposed development will have 56 mixed income units for downtown Davenport and the project will require Private Activity Bond Cap.

RESOLUTION #05-07A

MOTION: Mr. Walter made a motion approving the application for \$1,740,708 of Iowa Finance Authority Multifamily Housing Revenue Bonds (Mississippi Housing Partners, LP Project), Series 2005 for Mississippi Housing Partners, LP and evidencing the intent to proceed with the issuance of \$1,740,708 Multifamily Housing Revenue Bonds. On a second by Mr. Caudron, the Board unanimously approved Resolution #05-07A.

ED. Loan #05-08, Natural Milk Project

Ms. Beary introduced the application for \$6,500,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for Natural Milk, LLP in Harlan. She said the bonds will be used for the

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solid waste components of a dairy farm under construction. Ms. Beary stated the dairy will accommodate up to 5,700 milking cows, with a total herd of approximately 6,000 cows. She said the Authority did a similar issue for Dykstra Dairy in 2002.

RESOLUTION #05-08A

MOTION: Mr. Adams made a motion approving the application for 6,500,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Natural Milk, LLP Project) Series 2005 for Natural Milk, LLP and evidencing the intent to proceed with the issuance of \$6,500,000 solid waste facility revenue bonds. On a second by Mr. Caudron the Board unanimously approved Resolution #05-08A.

ED. Loan #05-09, Mercy Hospital, Iowa City

Ms. Beary introduced the application for \$40,000,000 of Iowa Finance Authority Hospital Facility Revenue Bonds for Mercy Hospital in Iowa City. She said the bonds will be used for the facility renovation, information technology projects and other capital expenditures. Ms. Beary stated the project will not require Private Activity Bond Cap.

RESOLUTION #05-09A

MOTION: Ms. Anderson made a motion approving the application for \$40,000,000 Iowa Finance Authority Hospital Facility Revenue Bonds (Mercy Hospital, Iowa City, Iowa Project), Series 2005 for Mercy Hospital, Iowa City, Iowa and evidencing the intent to proceed with the issuance of \$40,000,000 Hospital Facility Revenue Bonds. On a second by Mr. Wright the Board unanimously approved Resolution #05-09A.

ED. Loan #666, Iowa Health System

Ms. Beary introduced the resolution authorizing the defeasance of Iowa \$200,485,000 of Iowa Finance Authority Hospital Facility Revenue Bonds for Iowa Health System. She said the Authority is also issuing new bonds for the Iowa Health System, which the Board authorized at the June Board meeting. Ms. Beary stated the resolution before the Board at this meeting is part of the same large transaction. She said the resolution allows for an escrow agreement or supplemental indenture for the defeasance of a portion of the Series 1998A bonds.

RESOLUTION #666D

MOTION: Mr. Caudron made a motion authorizing the execution of a Defeasance Agreement relating to the Authority's \$200,485,000 Hospital Facilities Revenue Bonds, Series 1998A (Iowa Health System)(the "Series 1998 A Bonds"). On a second by Ms. Anderson, the Board unanimously approved Resolution #666D.

Resolution Authorizing the Issuance of Bond Anticipation Notes

Ms. Beary introduced the Resolution Authorizing the Issuance of Bond Anticipation Notes. She said the Clean Water and Drinking Water State Revolving Funds receive capitalization grants from the federal Environmental Protection Agency. Ms. Beary explained the State must match 20% of the grants. She said this resolution allows for the issuance of short term notes for the state match for the 2003 and 2004 Clean Water cap grants and the 2004 and 2005 Drinking Water cap grants. Ms. Beary stated when it becomes necessary to issue bonds to provide funds for Drinking Water SRF loans, the short term notes will be paid off and that amount will be included in the bonds.

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MOTION: Mr. Walter made a motion approving the Resolution Authorizing the Issuance of Bond Anticipation Notes. On a second by Ms. Brown, the Board unanimously approved the Resolution Authorizing the Issuance of Bond Anticipation Notes.

Ms. Beary gave a brief update on the planning and design loans for the State Revolving Fund. She said these are development loans and cannot be forgiven by the Authority.

Ms. Beary referred to the handout included in the Board materials on the 2005 State Volume Cap Allocations for Multifamily Housing, Industries and the Single Family program.

HOUSING PROGRAMS

Ms. Mickey Carlson updated the Board on the Single Family loan volume for FY05 which totaled 2,296 loans at \$175.8 million, which is a record for the Authority.

Resolution Re: Internship Program Grant to Community Housing Development Corporation

Ms. Davis introduced the Resolution Re: Internship Program Grant to Community Housing Development Corporation. She said the Authority received an application for \$2,000 from the Community Housing Development Corporation and referred to the memo included in the Board materials.

MOTION: Mr. Adams made a motion approving the Resolution Re: Internship Program Grant to Community Housing Development Corporation in the amount of \$2,000. On a second by Mr. Wright, the Board unanimously approved the Resolution Re: Internship Program Grant to Community Housing Development Corporation.

Resolution Re: Internship Program Grant to Polk County Housing Trust Fund

Ms. Davis introduced the Resolution Re: Internship Program Grant to Polk County Housing Trust Fund. She said the Authority received an application for \$2,000 from the Polk County Housing Trust Fund for assistance in hiring an intern. She referred to the memo included in the Board materials.

MOTION: Mr. Caudron made a motion approving the Resolution Re: Internship Program Grant to Polk County Housing Trust Fund in the amount of \$2,000. On a second by Ms. Kramer, the Board unanimously approved the Resolution Re: Internship Program Grant to Polk County Housing Trust Fund.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the charts included in the Board materials and updated the Board on upcoming events of the Division.

Transfer of Funds to Housing Programs

Mr. Ogle stated the Title Guaranty Board approved the transfer of \$545,000 to the Authority's Housing Programs.

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MOTION: Mr. Caudron made a motion to approve the transfer of \$545,000 from the Title Guaranty Division to the Authority's Housing Programs. On a second by Ms. Anderson, the Board unanimously approved the transfer of \$545,000 from the Title Guaranty Division to the Authority's Housing programs.

POLICY / LEGISLATION

Mr. Dietz referred to the handout included in the Board materials and presented a brief report on the final legislative session update for legislation of interest to the Authority.

COMMUNICATIONS

Ms. Shawna Lode referred to the handouts included in the Board materials.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Jim Conlin of Conlin Properties distributed a hand out to the Board members regarding property tax classification of multifamily buildings, which are currently taxed at the commercial rate.

Next Month

The next regular meeting will be held at 10:45 a.m. on Wednesday, August 3, 2005 in the Iowa Hospital Association Education Center, located on the first floor of 100 East Grand Avenue, Des Moines, Iowa.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Ms. Kramer, the July meeting of the Iowa Finance Authority Board of Directors adjourned at 12:20 p.m.

Dated this 3rd day of August 2005.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Vincent Lintz, Chair
Iowa Finance Authority